



Department of Justice
Canada

Ministère de la Justice
Canada

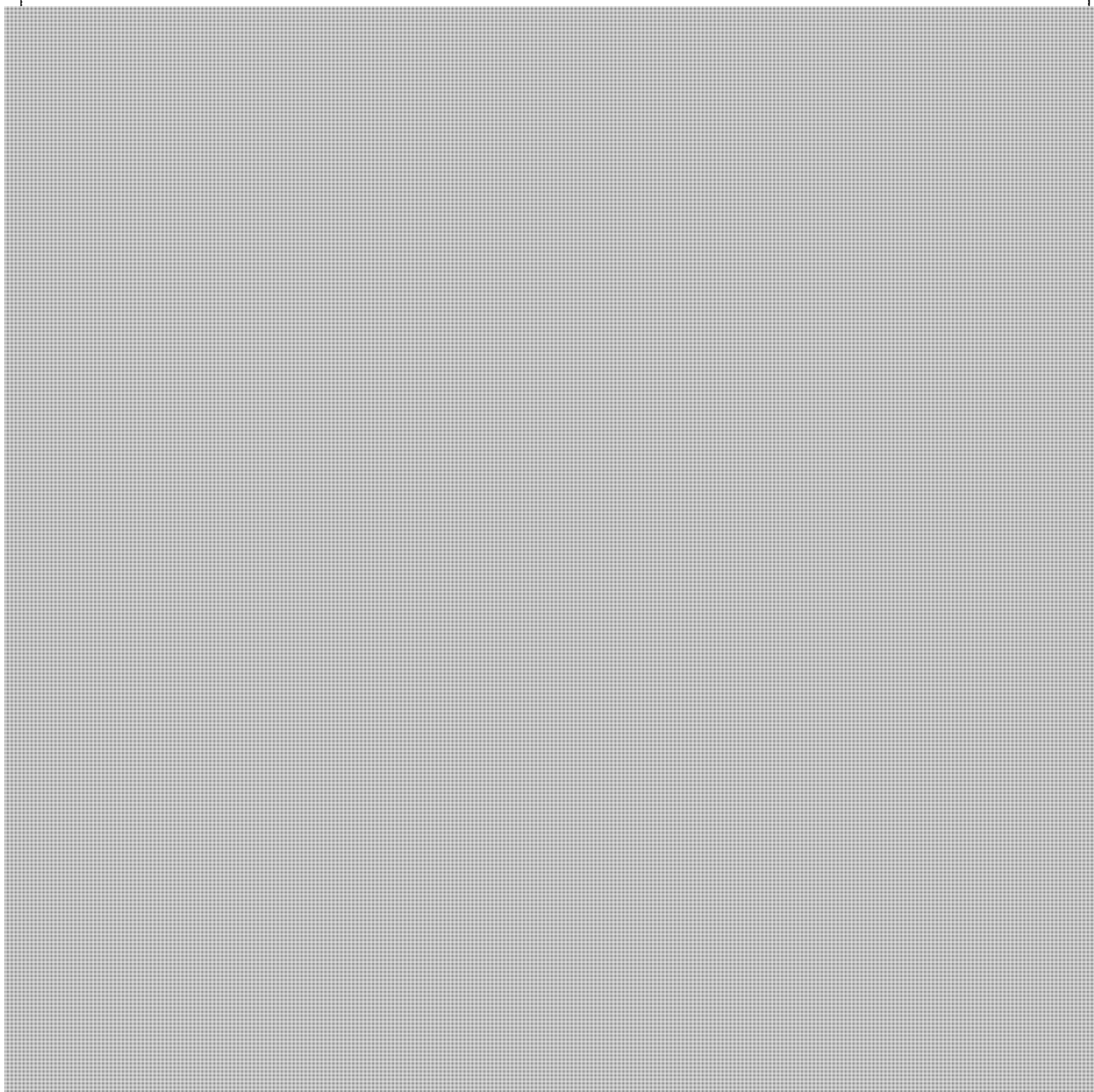
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MEMORANDUM TO THE DEPUTY MINISTER

Between Canadian Food
Inspection Agency and The Department of Justice
(FOR SIGNATURE)

SUMMARY



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Date:

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Date: 2016-09-08

Responsible Associate DM:

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Date: Aug 11, 2016

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MEMORANDUM TO THE DEPUTY MINISTER

Legal Services Revenue Cap (FOR INFORMATION) SUMMARY

Three key monitoring and control processes have been established to ensure Justice does not exceed the 2016-2017 cap.

- 1) Budget and Revenue Control with FTE targets and associated budget allocation.
- 2) Increase or decrease forecasts based on JUS reconciliations prior to the last 10% pre-payment in November.
- 3) The monthly Financial Situation Report will include monitoring processes to track and report on revenues collected on a regular basis.

Seen by DM

BACKGROUND

AUG 11 2016

Pierre Legault

The Legal Services Review (LSR) set a revenue cap of \$337.2M for total revenues in 2016-2017. MOU Annex B forecasts are systemically overstated due to a Client driven trend to include contingency for unforeseen in-year additional demand.

Recent analysis and consultation with Financial Management Advisors demonstrates that the present forecast of \$347.3M is overstated by approximately 6%. Discounting the forecasted revenue collection by 4% brings the estimate to the reasonably conservative level of \$333.4M, or 1% below the cap.

KEY CONSIDERATIONS

1. 2016-17 Budget and Revenue Control

The revenue generating practitioners FTE targets for the delivery of legal services for 2016-2017 is 1890.

The 2016-17 Financial Strategy Budget Allocation for Sectors/Portfolios was based on the 1890 practitioners complement to ensure limited staffing in order not to exceed targets.

Unclassified

2. 2016-17 Billing Process

The new envelope billing process collects 50% of revenues from Clients in May, 40% in August and 10% in November.

The model provides Justice a means to control the balance of revenues collected during the November billing cycle. In November, it is likely that Justice will not recover the full 10% prepayment but an amount more aligned to the departmental estimate of \$333.4M.

3. Financial Situation Reports (FSR)

The revenue cap will be closely monitored through the monthly FSR to ensure that budgets and FTE levels are not exceeded. The FSR process will also allow Justice to timely detect any material surges in Clients' demand. This will enable Portfolios/Sectors to adjust operational levels to ensure service requests can be met within the current envelope of resources.

Way Forward and 2017-18 Forecasting Process

This fall, the Finance Planning Branch will engage the Portfolios/Sectors in a formal "revenue cap setting process" that will inform the 2017-18 MOU negotiations in order to:

- a) Validate the departmental revenue cap for 2017-18,
- b) Establish internal caps along with the requirement to manage demand and resources within their allocation, and;
- c) Ensure signed MOUs align with Departmental commitments.

Secondly, the respective roles of DSLU Heads and the National Litigation Sector in the negotiation of MOU Annex B with Client departments will be examined over the summer months. DLSU Heads currently lead negotiations with Clients on all advisory and litigation services but Justice would benefit from ensuring that the National Litigation Sector is part of the negotiations with Clients.

Detailed discussions of the 2017-18 process should generate new and improved roles and responsibilities for DLSU and the NLS.

RESOURCE IMPLICATIONS

Specific monitoring responsibilities will be added as part of the FSR process. No additional resources will be required.

COMMUNICATION IMPLICATIONS

N/A

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NEXT STEPS

The 2016-17 FSR process will provide Management Committee with timely updates on the Legal Services Cap over the span of the fiscal year.

Options and recommendations for an improved 2017-18 MOU Annex B negotiation process will be presented to the Management Committee in the late summer/early fall timeframe.

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